3rd March 1969]

MR. CHAIRMAN : The question is—

"That the Madras Panchayats (Amendment) Bill, 1969 (L.A. Bill No. 5 of 1969), as passed by the Assembly, be taken into consideration."

The motion was put and carried and the Bill was taken into consideration.

Clauses 2, 3 and 1, the Long Title, and the Enacting Formula, were put and carried.

THE HON. THIRU S. MADHAVAN : Sir, I move—

"That the Madras Panchayats (Amendment) Bill, 1969 (L.A. Bill No. 5 of 1969), as passed by the Assembly, be passed."

MR. CHAIRMAN : The question is—

"That the Madras General Sales Tax (Amendment) Bill 1969 (L.A. Bill No. 5 of 1969), as passed by the Assembly, be passed."

The motion was put and carried and the Bill was passed.

(4) THE MADRAS GENERAL SALES TAX (AMENDMENT) BILL, 1969 (L.A. BILL NO. 1 OF 1969)

THE HON. THIRU K. A. MATHIALAGAN : Sir, I move—

"That the Madras General Sales Tax (Amendment) Bill 1969 (L.A. Bill No. 1 of 1969), as passed by the Assembly, be taken into consideration for making recommendations".a

Under item 30 of the First Schedule to the Madras General Sales Tax Act, 1959 (Madras Act 1 of 1959), precious stones, namely, diamonds, emeralds, rubies, real pearls and saphires, whether they are sold loose or as forming part of any articles in which they are set, were liable to a single point tax of four per cent at the point of first sale in the State. The Government decided to increase the rate of tax to seven per cent. The increase is expected to fetch an approximate additional revenue of Rs. 1,20,174 per annum to the Government. The decision has been given effect to by issuing a notification under sub-section (1) of section 59 of the Act amending item 30 of the First Schedule to the Act. The amendment has come into force on the 11th December 1968.

Pure silk fabrics were liable to multi-point sales tax under the Madras General Sales Tax Act, 1959 (Madras Act 1 of 1959) till the 1st March 1961. They were exempted from sales tax with effect from the 1st March 1961 consequent on the levy of additional excise duty on silk fabrics by the Union Government. The Union Government subsequently withdrew the additional excise duty. But 'silk fabrics' as defined in item 20 of the First Schedule to the Central Excises and Salt Act, 1944

a Printed as Appendix V on page 76

(Central Act 1 of 1944), had been included as one of the items of declared goods under section 14 of the Central Sales Tax Act, 1956 (Central Act 74 of 1956). Therefore silk fabrics as defined in section 20 of the Central Excises and Salt Act, 1944 (Central Act 1 of 1944) was included as item No. 8 in the Second Schedule to the Madras Gneral Sales Tax Act, 1959 (Madras Act 1 of 1959) and subject to a single point tax of three per cent at the point of first sale in the State with effect from the 1st July 1966. The item relating to silk fabrics in section 14 of the Central Sales Tax Act, 1956 (Central Act 74 of 1956) was omitted by an amendment made by the Finance Act, 1968 (Central Act 19 of 1968). Consequently silk fabrics have ceased to be declared goods. The Government have, therefore, issued a notification under sub-section (1) of Sction 59 of the Madras General Sales Tax Act, 1959 (Madras Act I of 1959) omitting item 8 of the Second Schedule to the Act thereby making silk fabrics liable to multi-point tax of three per cent under the Act. The amendment has come into force on the 18th December 1968. Silk fabrics made on handloom cloth remain exempted from sales tax under item 7 of the Third Schedule to the Act. The changeover to the multi-point tax on silk fabrics therefore, applies to silk fabrics made in mills and powerlooms. The additional revenue anticipated on account of the changeover is Rs. 51,600 per annum.

Under sub-section (2) of section 59 of the Act, a Bill to replace the notifications has to be introduced during the present session of the Legislature. The Bill now before the House accordingly contains necessary provisions in this regard.

Sir, I commend the motion for the acceptance of the House.

MR. CHAIRMAN : The question is—

"That the Madras General Sales Tax (Amendment) Bill, 1969 (L.A. Bill No. 1 of 1969), as passed by the Assembly, be taken into consideration for making recommendations ".

The motion was put and carried and the Bill was taken into consideration for making recommendations.

MR. CHAIRMAN : As there are no recommendations, the Bill will be returned to the Assembly without any recommendations.

(5) THE MADRAS GENERAL SALES TAX (SECOND AMENDMENT) BILL, 1969 (L.A. BILL NO. 2 OF 1969).

THE HON. THIRU K. A. MATHIALAGAN : Mr. Chairman, Sir, I move—

'That the Madras General Sales Tax (Second Amendment) Bill * 1969 (L.A. Bill No. 2 of 1969), as passed by the Assembly, be taken into consideration for making recommendations ".

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* Printed as Appendix VI on page 76-77